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Security Information

12 August 1953
NCE3-2651

MEMORANDUM FOR THE RECORD**CONFIDENTIAL****SUBJECT: DEX 503 CIFAX Equipment**

1. On 10 August 1953 the writer met with [] of NSA to discuss the status of the DEX 503 equipment now being tested by CIA on a circuit established between OCD offices in Riverside Stadium and M Building. The following pertinent facts were established:

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a. The models now in our possession will be retained on a loan basis until approximately 1 January 1954.

b. On or about 1 January 1954, CIA will receive "design approval" models, on a loan basis, and will return the models now being tested. These "design approval" models will be retained by CIA until late summer or early fall of 1954.

c. In the fall of 1954 "modified engineering" models (or prototypes) will replace the "design approval" models and will be retained on a loan basis until the production models are available for purchase. It is not expected that the production models will be available until the spring of 1956.

d. If during the test period the "design approval" models prove to be satisfactory, CIA may place a direct order for the "modified engineering" models. This order will be included in the service test contract entered into by NSA. CIA funds will be required for this purpose.

e. It is anticipated that the price of the DEX 503 equipment will not exceed \$20,000 per unit. If it is decided to purchase "modified engineering" models in the fall of 1954, it is believed that not more than eight units would be required. Therefore, for budgetary purposes, not more than \$160,000 will be required for CIFAX equipment in fiscal year 1955. If it is decided to wait until the production models are available, no budget commitment will be required prior to fiscal year 1957. It is not possible at this time to estimate the number of units that might be required at that time.

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